

AMENDED IN SENATE JUNE 4, 2007

AMENDED IN SENATE APRIL 10, 2007

SENATE BILL

No. 46

Introduced by Senator Perata

December 22, 2006

An act to add Sections 53545.12 and 53545.14 to the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 46, as amended, Perata. Housing and Emergency Shelter Trust Fund Act of 2006: Regional Planning, Housing, and Infill Incentive Account.

The Housing and Emergency Shelter Trust Fund Act of 2006 authorizes the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are required to be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. The act establishes the Housing and Emergency Shelter Trust Fund of 2006 in the State Treasury, requires the sum of \$850,000,000 to be deposited in the Regional Planning, Housing, and Infill Incentive Account, which the act establishes in the fund, and makes the money in the account available, upon appropriation, for infill incentive grants for capital outlay related to infill housing development and other related infill development, and for brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans, subject to the conditions and criteria that the Legislature may provide in statute.

This bill would require the Department of Housing and Community Development, upon appropriation by the Legislature of the funds in the Regional Planning, Housing, and Infill Incentive Account for certain purposes, to establish and administer a competitive grant program to allocate those funds to selected qualifying infill projects, as defined, for capital outlay related to infill housing development and related infill infrastructure needs, ~~in amounts of not less than an unspecified amount and not more than an unspecified amount per project per annual funding cycle.~~

The bill would require ~~an unspecified agency~~ *the California Pollution Control Financing Authority*, upon appropriation by the Legislature of the funds in the Regional Planning, Housing, and Infill Incentive Account for certain additional purposes, to allocate those funds to selected infill projects for the purposes of assessment, remedial planning and reporting, ~~and technical assistance, and for the cleanup, or remediation, or development of brownfield sites, or for other similar~~ *or* related costs.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares that it is the
- 2 intent of the Legislature that appropriations for the expenditure of
- 3 funds deposited in the Regional Planning, Housing, and Infill
- 4 Incentive Account established under subdivision (b) of Section
- 5 53545 of the Health and Safety Code be based on, but not be
- 6 limited to, the following purposes:
- 7 (a) To encourage the development of high density infill housing
- 8 and mixed-use development for all levels of income and locations
- 9 near job centers and transit stations, thereby reducing vehicle trips,
- 10 commute times, vehicle miles traveled, and vehicle emissions.
- 11 (b) To invest in established, urban neighborhoods by producing
- 12 new housing and improving related neighborhood infrastructure,
- 13 such as city streets, parks, and sewer and utility hookups, cleaning
- 14 up brownfield sites, and furthering other similar or related
- 15 purposes.
- 16 (c) To provide sustainable economic development and affordable
- 17 housing.

(d) To protect the state's rich agricultural farmland, open spaces, and sensitive habitat.

(e) To promote the reuse and recycling of previously developed and passed over land in urban areas, with a focus on environmentally distressed properties, or what are more commonly known as brownfields.

(f) To reward projects that are consistent with regional and local planning processes and accomplish any of the following:

(1) Improve mobility and reduce dependency on single-occupant vehicle trips.

(2) Accommodate an adequate supply of housing for all income levels.

(3) Reduce impacts on valuable habitat, productive farmland, and air quality.

(4) Conserve resources such as energy and water.

(5) Revitalize existing neighborhoods.

SEC. 2. Section 53545.12 is added to the Health and Safety Code, to read:

53545.12. (a) For the purposes of the grant program established under this section, the following definitions apply:

(1) ~~"Eligible applicant" means a sponsor of a project-specific application, and may include a for-profit or nonprofit entity, a city, a city and county, a county, or a local redevelopment agency.~~

(2) ~~"Qualifying infill project" means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or a vacant site where the properties adjoining at least two sides of the project site are, or previously have been, developed.~~

~~(A) An urbanized area is as defined by the United States Census Bureau.~~

(1) "Eligible applicant" means either, or a combination, of the following:

(A) A nonprofit or for-profit developer of a qualifying infill project.

(B) A city, county, city and county, or redevelopment agency which has jurisdiction over a qualifying infill area

(2) (A) "Qualifying infill project" means either of the following:

(i) A residential or mixed-use residential project located within an urbanized area on a site that has been previously developed,

1 or on a vacant site where at least 75 percent of the perimeter of
2 the site adjoins parcels that are developed with urban uses.

3 (ii) An infrastructure project within a qualifying infill area. The
4 project may also include a residential or mixed-use residential
5 project within the qualifying area.

6 (B) A property is adjoining the side of a project site if the
7 property is separated from the project site only by an improved
8 public right-of-way.

9 (3) “Qualifying infill area” means a contiguous area located
10 within an urbanized area (A) that has been previously developed,
11 or where at least 75 percent of the perimeter of the area adjoins
12 parcels that are developed with urban uses and (B) in which at
13 least one development application has been approved for a
14 residential or mixed-use residential project that meets the definition
15 and criteria in this section for a qualified infill project.

16 (4) “Urbanized area” means an incorporated city or census
17 designated place with a population density of at least 2,500 persons
18 per square mile.

19 (5) “Urban uses” mean any residential, commercial, industrial,
20 public institutional, transit or transportation passenger facility,
21 or retail use, or any combination of those uses.

22 (b) Upon appropriation of funds by the Legislature for the
23 purpose of implementing paragraph (1) of subdivision (b) of
24 Section 53545, the department shall establish and administer a
25 competitive grant program to allocate those funds to selected
26 qualifying infill projects for capital outlay related to infill housing
27 development and related infill infrastructure needs that are an
28 integral part of the infill housing development, ~~in amounts of not~~
29 ~~less than _____ dollars (\$_____) and not more than _____ dollars~~
30 ~~(\$_____) per project per annual funding cycle.~~

31 (c) The department shall award the grants on or before the end
32 of the fiscal year in which funds are appropriated for the grant
33 program.

34 (d) The department shall establish a reasonable deadline by
35 which grant award recipients are required to encumber the grant
36 awards. All funds unencumbered on or before the established
37 deadline shall revert to the department for reallocation in a
38 subsequent grant award funding cycle.

39 (e) Capital outlay related to infill housing or mixed-use
40 development and other related infill infrastructure that may be

1 funded under the grant program includes, but is not limited to, all
2 of the following:

3 (1) ~~Cost of development~~ *Development*, including construction
4 and related planning and design.

5 (2) Project-specific creation, development, or rehabilitation of
6 park or open space.

7 (3) Water, sewer, utilities, or other infrastructure related to a
8 specific infill development project.

9 (4) Roads, parking structures, transit linkages, including, but
10 not limited to, plazas, pedestrian paths, and bus and transit shelters.

11 (5) Support for alternative transit modes, including, but not
12 limited to, walking, bicycling, and ride sharing.

13 (6) Transportation improvements other than those listed in
14 paragraphs (4) and (5) that are related to a specific infill
15 development project.

16 (7) Traffic mitigation.

17 (8) Demolition and site preparation.

18 (9) Sidewalks and streetscapes.

19 (f) A qualifying infill project shall be located in a city, county,
20 or city and county, in which the general plan of the city, county,
21 or city and county, has an adopted housing element that has been
22 found by the department, pursuant to Section 65585 of the
23 Government Code, to be in compliance with the requirements of
24 Article 10.6 (commencing with Section 65580) of Chapter 3 of
25 Division 1 of Title 7 of the Government Code.

26 (g) (1) A qualifying infill project shall include not less than 15
27 percent affordable units, as defined in ~~paragraph (3)~~ *paragraphs*
28 *(4) and (5)*.

29 (2) For projects that contain both rental and ownership units,
30 units of either or both product types may be included in the
31 calculation of the affordability criteria.

32 (3) To the extent included in a project grant application, for the
33 purpose of calculating the percentage of affordable units, the
34 department shall consider the entire master development in which
35 the development seeking grant funding is included.

36 (4) For the purposes of this subdivision, “affordable unit” means
37 ~~a unit that is offered for rent at a rate that is at or below ___ percent~~
38 ~~of the area median income or is offered for sale at a price that is~~
39 ~~at or below ___ percent of the area median income. a unit that is~~
40 *made available at an affordable rent, as defined in Section 50053,*

1 *to a household earning no more than 60 percent of the area median*
2 *income or at an affordable housing cost, as defined in Section*
3 *50052.5, to a household earning no more than 120 percent of the*
4 *area median income. Rental units shall be subject to a recorded*
5 *covenant that ensures affordability for at least 55 years. Ownership*
6 *units shall initially be sold to and occupied by a qualified*
7 *household and subject to a recorded covenant that includes either*
8 *a resale restriction for at least 30 years or equity sharing upon*
9 *resale.*

10 ~~(h) A qualifying infill project shall include densities that, at a~~
11 ~~minimum, meet the density requirements established under~~
12 ~~subparagraph (B) of paragraph (3) of subdivision (c) of Section~~
13 ~~65583.2 of the Government Code.~~

14 *(5) Notwithstanding paragraph (4), a qualifying infill project*
15 *for which a Disposition and Development Agreement or other*
16 *project-specific agreement between the project sponsor and the*
17 *local agency having jurisdiction over the project has been executed*
18 *on or before January 1, 2008, shall be deemed to meet the*
19 *affordability requirement in paragraph (1), if the agreement*
20 *requires that at least 15 percent of the units will be subject to*
21 *affordability covenants.*

22 *(h) A qualifying infill project shall include average residential*
23 *densities on the parcels to be developed that are equal to or greater*
24 *than the densities described in subparagraph (B) of paragraph (3)*
25 *of subdivision (c) of Section 65583.2 of the Government Code.*

26 *(i) A qualifying infill project shall be located in an area*
27 *designated for mixed-use or residential development pursuant to*
28 *one of the following adopted plans:*

- 29 (1) A general plan.
30 (2) A project area redevelopment plan.
31 (3) A regional blueprint plan.
32 (4) A regional transportation plan.
33 (5) A capital improvement plan.

34 ~~(j) An applicant seeking a grant award for a qualifying infill~~
35 ~~project may include all components of a master development that~~
36 ~~include the development seeking grant funding.~~

37 ~~(k) In its review and rating of applications for the award of~~

38 *(j) In its review and ranking of applications for the award of*
39 *grants, the department shall rank eligible infill projects based on*
40 *the following priorities:*

1 ~~(1) Project readiness, which shall include a determination by~~
2 ~~the department that the project can proceed to construction in a~~
3 ~~timely manner based on the status of the project's environmental~~
4 ~~review, securing of necessary zoning and entitlements, commitment~~
5 ~~of funding contributions derived from other than the Housing and~~
6 ~~Emergency Shelter Trust Fund Act of 2006, and level of local~~
7 ~~support.~~

8 *(1) The department's assessment of a project's readiness, which*
9 *shall include all of the following:*

10 *(A) A demonstration that the project can complete environmental*
11 *review and secure necessary entitlements from the local jurisdiction*
12 *within a reasonable time period following the submittal of a project*
13 *grant application.*

14 *(B) A demonstration that the project has sufficient funding*
15 *commitments derived from sources other than the Housing and*
16 *Emergency Shelter Trust Fund Act of 2006.*

17 *(C) A demonstration that the project has the necessary local*
18 *support to achieve the proposed development or improvement.*

19 *(2) The extent to which the ~~project~~ qualifying infill project*
20 *exceeds the affordability threshold contained in subdivision (g).*

21 *(3) The extent to which the ~~project~~ qualifying infill project*
22 *exceeds the density thresholds contained in subdivision (h).*

23 *(4) The project location's consistency with an adopted regional*
24 *blueprint plan or other adopted regional growth plan intended to*
25 *foster efficient land use.*

26 ~~(4)~~

27 *(5) The extent to which the project includes elements designed*
28 *to achieve reductions in vehicle trips, emissions, or miles traveled,*
29 *based on the following criteria:*

30 ~~(A) Proximity to public transit stations, as that term is defined~~
31 ~~in subdivision (b) of Section 65460.1 of the Government Code,~~
32 ~~and the project's likelihood of increasing transit ridership.~~

33 *(A) Proximity and accessibility to a transit station or major*
34 *transit stop.*

35 *(B) Proximity and accessibility to retail and job centers.*

36 *(C) Components that support alternative transit modes,*
37 *including, but not limited to, walking, bicycling, and ride sharing.*

38 ~~(D) Inclusion in an adopted regional blueprint plan or other~~
39 ~~regional growth plan that fosters efficient land use.~~

40 ~~(E)~~

1 (D) The availability of pedestrian friendly project features.

2 ~~(H)~~

3 (k) In allocating funds to projects pursuant to this section, the
4 department, to the maximum extent feasible, shall ensure a
5 reasonable geographic distribution of funds.

6 ~~(m)~~

7 (l) Funds awarded pursuant to this section shall supplement, not
8 supplant, other available funding.

9 ~~(n)~~

10 (m) The department shall adopt guidelines for the operation of
11 the grant program, and may administer the program under those
12 guidelines for 24 months after the date of adoption of the
13 guidelines, during which time the guidelines shall not be subject
14 to the requirements of Chapter 3.5 (commencing with Section
15 11340) of Division 3 of Title 2 of the Government Code.

16 ~~(o)~~

17 (n) On or before April 1, 2008, and on or before April 1 of each
18 fiscal year covering the duration of the grant program, the
19 department shall provide a report to the Legislature on its activities
20 relating to the administration of the program. At a minimum, the
21 report shall include a summary of the projects that receive grants
22 under the program for each fiscal year grants are awarded. The
23 report shall include the description, location, and estimation of
24 completion for each project that receives a grant award under this
25 section.

26 SEC. 3. Section 53545.14 is added to the Health and Safety
27 Code, to read:

28 53545.14. (a) For the purposes of allocating funds under this
29 section, the following definitions apply:

30 (1) “Authority” means the California Pollution Control
31 Financing Authority.

32 ~~(1)~~

33 (2) “Brownfield site” has the same meaning as that term is
34 defined under Section 44504.1.

35 ~~(2) “Eligible applicant” means a sponsor of a project-specific~~
36 ~~application, and may include a for-profit or nonprofit entity, a city,~~
37 ~~a city and county, a county, or a local redevelopment agency.~~

38 ~~(4) “Qualifying infill project” means a residential or mixed-use~~
39 ~~residential project located within an urbanized area on a site that~~
40 ~~has been previously developed, or a vacant site where the properties~~

1 adjoining at least two sides of the project site are, or previously
2 have been, developed.

3 (A) “An urbanized area” has the same meaning as that term is
4 defined by the United States Census Bureau.

5 (B) A property is adjoining the side of a project site if the
6 property is separated from the project site only by an improved
7 public right-of-way.

8 (3) “Eligible applicant” means either of the following:

9 (A) The developer of a qualifying infill project, as defined in
10 paragraph (2) of subdivision (a) of Section 53545.12.

11 (B) A city, county, city and county, or redevelopment agency
12 that has jurisdiction over a qualifying infill area, as defined in
13 paragraph (3) of subdivision (a) of Section 53545.12.

14 (4) “Eligible project” means the assessment, cleanup, or
15 remediation of a brownfield site that is proposed for development
16 as a qualifying infill project, as defined in paragraph (2) of
17 subdivision (a) of Section 53545.12.

18 (b) Upon appropriation of funds by the Legislature for the
19 purpose of implementing paragraph (2) of subdivision (b) of
20 Section 53545, the _____ authority shall allocate those funds to
21 qualifying infill projects for the purposes of assessment, remedial
22 planning and reporting, and technical assistance, and for the
23 cleanup, remediation, or development of brownfield sites, or for
24 other similar or related costs. and reporting, technical assistance,
25 cleanup or remediation of brownfield sites, or related costs.

26 (c) In its review and rating of applications for funding under
27 this section, the _____ authority shall give priority to applicants
28 from economically struggling communities, as defined in
29 subdivision (j) of Section 8090 of Title 4 of the California Code
30 of Regulations.

31 (d) On or before April 1, 2008, and on or before April 1 of each
32 fiscal year covering the duration of allocation of funds under this
33 section, the _____ authority shall provide a report to the Legislature
34 on its activities relating to the administration of this section. At a
35 minimum, the report shall include a summary of the projects that
36 receive funds under this section for each fiscal year funds are
37 awarded. The report shall include the description, location, and

- 1 estimation of completion for each project that receives funds under
- 2 this section.

O